

Decision Pathway – Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 04 February 2020

TITLE	Procurement of a Replacement Revenues and Benefits Software System and Replacement of IT Infrastructure		
Ward(s)	All		
Author: Martin Smith	Job title: Head of Revenues		
Cabinet lead: Cllr Cheney	Executive Director lead: Mike Jackson		
Proposal origin: <i>Other</i>			
Decision maker: Full Council Decision forum: <i>Cabinet</i>			
Purpose of Report:			
<p>The Council's critical Revenues and Benefits software systems need to be re-procured to ensure compliance with procurement regulations. Additionally the core system currently sits on an unreliable underlying infrastructure (P750 server) and therefore there is a need to move the software (and others that sit on the same infrastructure) to a new alternative to ensure the Council has stable and secure systems for the foreseeable future. Cabinet is asked to approve this work, which is a key decision given the costs associated.</p>			
Evidence Base:			
Context			
<p>The Revenues and Benefits services are critical for Bristol Council, delivering a suite of fundamental activities:</p> <ul style="list-style-type: none"> - Collection of council tax and business rates totalling some circa £600m in order to fund other core Council services - Distribution of Housing Benefit and Council Tax Reduction totalling circa £200m in a timely and compliant manner, including to itself as a landlord. - Payment of Discretionary Fund, i.e. Discretionary Housing Payments (DHP) and Local Crisis & Prevention Fund (LCPF) though. <p>The services above are underpinned by a suite of systems and technologies, however in recent months it has become apparent that the underlying infrastructure is end of life (P750 server), and increasingly unreliable which has led to a number of days when the system has been 'down' (unavailable) with significant impact on citizens as well as Council resources. This has also impacted the other five systems that also sit on the same infrastructure. There is a requirement to identify a more stable solution for all systems on this same infrastructure.</p> <p>Additionally a number of the Revenues and Benefits core systems are at the end of their contracts, and therefore a requirement to re-procure in order to maintain compliance with procurement regulations and ensure value for money. There are 5 systems in this same position. The overall associated contractual landscape is also complex given its evolution over the years, and therefore there is an ambition to rationalise and simplify the number of systems and contracts wherever possible.</p> <p>Overall, due to the risk of platform failure, and requirement for contract compliance 'doing nothing' is not considered a viable option. See Appendices A1 and A2 for more info about the options explored and their advantages and</p>			

disadvantages.

Work to date

Two projects have been underway to explore both the Revenues and Benefits software/contracts, and the associated ageing infrastructure. These projects have:

- Documented the high level as-is technology landscape and associated business functions
- Clarified the detailed status of the contract landscape
- Conducted research (i) from other Local Authorities to better understand what systems other authorities use for revenues and benefits; and (ii) from external bodies with experience of delivering this type of change, as well as other large scale technology projects in the Council
- Conducted soft market testing exercise to understand the supplier market, including a suite of supplier days
- Completed health-check with incumbent supplier (Northgate) to assess potential for optimising current estate and identify gaps
- Options development considering the benefits that can be achieved by different solutions and routes to market, balanced against cost, risk, time and effort to deliver (*see Appendix A1 and A2*)
- Conducted review of underlying infrastructure and potential new solutions and costings

Key findings

The key findings from the reviews above were structured into two business cases which have been considered through internal decision making boards. Both business cases considered a variety of options and assessed against the ability to address the issues of procurement compliance and reliability above. Options were also assessed for value for money. In both cases, 'doing nothing' has been discounted as not viable given the high risk of system failure.

For the Revenues and Benefits contracts, the overall conclusion was that remaining with incumbent systems but rationalising and enhancing these would deliver the required compliance, but also this option would be deliverable for significantly less cost than alternative options (for example conducting further competition in the market) and therefore better value for money over the period of the contract.

For the ageing infrastructure (P750) the solutions assessment recommends that:

- Due to the re-procurement of the Revenues and Benefits systems, and the restrictions imposed by the framework to procure, that Bristol City Council invests in two new servers, networked over two physical sites, to give improved resilience for these systems. These servers are expected to last for at least the same length of the new Revenues and Benefits systems contract, and will provide at least 99.5% up time.
- Other continuing system (ARC GIS and IDOX described below) are moved to the Azure Cloud, in line with the Council's agreed IT strategy.
- Legacy data, required for audit and reporting purposes, from OHMS and Lagan (also described below) is move and stored within the new data lake, being provided through the IT strategy.
- The P750 is decommissioned, and removed from the IT estate.

Next steps

Part 1 - Revenues and Benefits contracts

With Cabinet's agreement, officers will:

- Procure Northgate via direct award using DAS framework. Contract will be up to 7 years including options. This will also rationalise/simplify the suite of Northgate contracts.
- Transition the provider for template documents in respect of Housing Benefit from Gandlake to xIPrint, to rationalise the systems estate and deliver ongoing savings.
- Procure and implement four additional Northgate modules to enhance current efficiency of the service for staff and citizens.
- Direct award through other compliant routes to market for remaining ancillary systems.
- Transition the Revenues and Benefits system (which cannot be hosted in the cloud due to constraints of the framework) from the current ageing infrastructure to alternative infrastructure (two servers over two sites networked and configured to give improved resilience). This is anticipated to give a 99.5% up-time,

significantly reducing the number of unplanned outages. This will also provide improved performance, and provide a standalone dedicated reporting database instance for Revenues & Benefits. The lifespan of the technology is expected to be between 5-7 years, which will align to the proposed contract length for associated Revenues and Benefits software.

Key justifications for recommending the above:

- Fully delivers against the original core drivers of procurement compliance and system reliability
- Best value for money
- Takes account of the wider context and uncertainty of Housing Benefit future service delivery (Universal Credit), but also acknowledges the significant changes being delivered via the IT Transformation programme (ITTP) – this does not feel optimal timing to progress with more fundamental changes
Delivers annual savings.
- Ability to formalise terms and conditions to mitigate performance issues
- Lowest risk/complexity to implement, however it should be noted that any change with technology does not come without risk. The implementation of a replacement server and the transition of the revenues and benefits system will inevitably lead to some downtime through its implementation. This will be managed by having robust implementation plans which are agreed with the Revenues and Benefits service in advance, to minimise disruption to system and service users. The project will also follow robust IT strategies including backups and disaster recovery where needed.

Frameworks and routes to market identified above have been approved for use in accordance with the Council Procurement Rules. However, the use of the frameworks and the resulting contracts that come from these must remain satisfactory in terms of financial arrangements and terms and conditions before finalising.

Part 2: Other systems on the same ageing infrastructure

As per attached business case '*Appendix A1: Remove P750 & AIX from the estate (the server and operating system)*' the following is recommended -

- Re-host 3 systems currently sitting on the P750 into the cloud (Azure) which is being set up as part of the IT Transformation programme.
 - IDOX Local land and property gazetteer (LLPG) product – Local land and property gazetteer - property management service dealing with local land searches
 - IDOX Total Land Charges (TLC) – system to manage charges for land searches
 - ESRI - ARC GIS – Geographical information system which provide mapping services to Bristol Council and other Local Authorities
- Current assumption is that the following systems will each be transitioned to a data archiving solution:
 - Legacy Housing Mgmt System (OHMS) to support the ongoing needs for Housing, incl. audit and reporting purposes
 - Kana Lagan, system that holds legacy data related to the building regulations and planning team
- Decommission the P750 server.

The work will continue to be governed within internal governance arrangements using boards such as Exec Directors' Meetings (EDMs) and Corporate Leadership Board (CLB) to provide quality assurance and oversight. The Full Business Cases associated with this work will build confidence in the resources and time required to implement the change activities described, and will be subject to the project portfolio's standard gateway sign-offs.

**Cabinet Member / Officer Recommendations:
That Cabinet**

1. Approve the procurement of a replacement Revenues and Benefits Software System and replacement of IT Infrastructure.
2. Authorise the Director of Finance, in consultation with the Cabinet Member for Finance, Governance & Performance, to:
 - a) procure the Northgate solution from the approved Data and Applications Solutions framework for a term of up to 7 years;
 - b) procure 3 other ancillary Revenues and Benefits systems for term of between 4-7 years from G-Cloud and

- Kent Reseller Framework;
- c) approve the implementation of additional modules and other change activities to support the rationalisation of systems (estimated to be a one off cost of approximately £225k, of which £120k to be funded from the Line of Business Reserve).
3. Authorise the Director of Digital Transformation, in consultation with the Cabinet Member for Finance, Governance & Performance, to:
- a) Procure a replacement platform (servers and operating system) for the transition of the core Revenues and Benefits system to an alternative, more robust platform;
- b) transition other referenced systems to the cloud (IDOX LLPG, IDOX TLC and ESRI ARC GIS), or data archive solution (Kana Lagan and Legacy Housing Management system OHMS)
4. Note that the costs in recommendation 3 are estimated to cost approximately £530k and are fully funded from the Line of Business Reserve.

Corporate Strategy alignment:

This proposal contributes to the following corporate strategy themes/ principles “Redesign the council to work effectively as a smaller organisation”.

City Benefits:

This proposal will ensure critical systems are moved to more robust/reliable platforms ensuring stability for the services in scope, reducing risk of system failure and thus impact on service users. Additionally securing the Revenues and Benefits contract(s) will allow colleagues to concentrate their efforts on providing appropriate services to the citizens of Bristol.

Consultation Details:

Public consultation not applicable. Internal engagement has been completed – discussions with Portfolio Holder, Finance Director and Executive Director.

Background Documents:

Cabinet 03 July 2018 - [“ IT Strategy 2018 - 2023: Delivering services that our users and citizens expect and deserve”](#) - The linkage to our cabinet report is that it is the Council’s IT strategy until 2023. The strategy describes the Cloud-first approach and how we want to serve our customers/citizens going forward.

Revenue Cost (Ongoing)	£3.171m over 7 years	Source of Revenue Funding (ongoing)	Ongoing (licenses etc) – contained within existing service budgets
Revenue cost (one off)	£0.158m	Source of Revenue Funding (one off)	One off costs for Revenues and Benefits Software - £0.03m from Revenues /Benefits - £0.07m from 20/21 contract savings – IT budget - £0.05m Key Line Of Business
Capital Cost	£0.595m	Source of Capital Funding	Key Line of Business Reserve
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input checked="" type="checkbox"/>	Saving Proposal <input type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

This report requests approval to secure new contracts for the Council’s Revenues and Benefits systems. The contracts would be for 5yrs + 2yrs, up to total 7 years, at a cost of £2.9m. At the same time there would be a replacement of the ageing IT server/platform on which these systems sit.

Consequent Revenue costs will be contained within existing budgets and there is no incremental Revenue cost implication. Rather, a net saving to Revenue of £0.08m p.a. is planned (representing maintenance and support).

Capital funding of £0.6m is required for Software- and Hardware-related expenditure.

It is proposed that this capital funding comes from Budget 20/21 earmarked Key Line of Business Reserve (original Reserve total £2m).

The financial phasing is planned as follows:

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revs and Bens Software Contract									
One-Off Revenue Expenditure (Finance)	30								30
One-Off Revenue Expenditure (Revs & Bens)	1	6							7
One-Off Revenue Expenditure (IT)		68							68
Recurring Revenue Expenditure (IT)		396	394	397	401	416	438	451	2,893
Recurring Revenue Savings (IT)		- 465	- 465	- 465	- 465	- 465	- 465	- 465	- 3,256
Net Revenue	31	6	-71	-68	-64	-49	-27	-14	-257
Net Capital	0	99	0	0	0	0	0	0	99
Server Decommissioning And Replacement									
One-Off Revenue Expenditure (Revs & Bens)		8							8
One-Off Revenue Expenditure (IT)		45							45
Recurring Revenue Expenditure (IT)		40	40	40	40	40	40	40	278
Recurring Revenue Savings (IT)		-72	-72	-72	-72	-72	-72	-72	-501
Net Revenue		21	-32	-32	-32	-32	-32	-32	-170
Net Capital	11	485	0	0	0	0	0	0	496
Total									
Total Net Revenue	31	26	-103	-100	-96	-81	-59	-46	-427
Total Net Capital (1)	11	584	0	0	0	0	0	0	595
<i>Net Capital (1) Includes 10% cost contingency</i>									

The service must ensure that in due course its detailed project plan includes action to formally close down current costs in order to secure the savings as proposed here.

Finance Business Partner: Jemma Prince 23/1/20

2. Legal Advice: The procurement of both the replacement software and any associated hardware will need to comply with the Public Contracts Regulations 2015 (PCR), and the Councils own procurement Rules. Proposals to make use of existing Frameworks and G Cloud etc, which have been established in compliance with those Regulations, will ensure compliance provided these are used correctly.

Legal Team Leader: Eric Andrews, Team Leader, Legal Services (06/12/2019)

3. Implications on IT: IT Services view the re-platforming of the Revs and Bens system, and ensuring the longevity the current solution, as being urgent activities which underpin this critical service. We are fully supportive of all aspects of this proposal. This design has been reviewed by the Architectural Review Board (ARB) and agreed, in light of the prohibitive licensing costs provided by Oracle this is an agreeable option that gives technical longevity and supportability in addition to better usability for our colleagues.

IT Team Leader: Simon Oliver, Director of Digital Transformation, 30th December 2019

4. HR Advice:

For the infrastructure changes, bolstering LINUX skills will build resilience. TUPE is unlikely to apply due to the proposal to move from IBM/AIX to LINUX. Permanent recruitment should be pursued rather than long-term use of contractors/interims. For the revenues and benefits software, there are not deemed to be any major HR implications; however there is the potential for reduction of 1 full-time equivalent employee due to automation of tasks, to be explored through next phase of business case shaping.

HR Partner: James Brereton (People & Culture Manager), 13/01/2020

EDM Sign-off	Mike Jackson	27/11/2019
Cabinet Member sign-off	Cllr Cheney	06/01/2020
For Key Decisions - Mayor's	Mayor's Office	06/01/2020

Office sign-off		
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Appendix A – Further essential background / detail on the proposal Appendix A1 – Outline Business Case for server replacement Appendix A2 – Options Appraisal for revenues and benefits systems/contracts	YES
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO